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MONTHLY PROJECTIONS
FOR AUGUST

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RECOVERY COMPLETED WITH A FLOURISH

After contributing a 5.8 percentage point decline to real GNP at annual rates in the fourth quarter of 1982, inventory investments have added 2 percentage points to GNP in the first quarter, 2.9 percentage points in the second quarter, and 2.8 percentage points in the third quarter. After adding an additional 2.5 percentage points in the fourth quarter, inventories will have overtaken sales and the recovery phase of this business cycle will have been completed. By the fourth quarter, nonfarm inventories after adjustment for inflation will be growing at an annual rate of $20 billion. Although inventories still will fluctuate as a result of changes in farm production, the economy now must rely upon underlying expansionary forces.

Even with a rebound in consumer activity during the fall, final sales in the first four quarters of this recovery are expected to grow only 4.4% at a compound annual rate. Such a rate of increase would be good for an expansion year in the 1970s, and would approach average expansionary performance in earlier post-war decades. However, that increase is not terribly robust for a recovery year. Just as the economy increases production to adjust inventories to anticipated sales, it also must provide housing for those young adults who delayed household formations during the recession along with the normal needs for household expansions. While structures are less than 10% of GNP, they comprise 25% of changes in final sales during the first year of recovery. This recovery has been no exception. Once the abnormally rapid component of changes in structures is removed from final sales, underlying growth in the economy appears to be only 3.5%.

Even the above estimate can be subject to some upward bias. For example, consumer activity incorporated in those estimates was achieved with a 0.8 percentage point reduction in the savings rate and with a significant tax reduction. Neither declines in savings rates nor further tax reductions appear likely in the next two years. Indeed, Social Security taxes increase for employer and employee from 6.7% on a $35,700 base in 1983 to 7.0% on a $37,500 base in 1984. The employee contribution to increased Social Security taxes will be refunded with a tax credit that will be available when 1984 income taxes are filed. In the interim, taxes will be rising sharply early in 1984.

Furthermore, producers' durables showed a surprising 13% rate of increase during the first year of economic recovery. Typically, this portion of capital spending shows only modest recovery in the first year before expanding sharply in subsequent years. While improving corporate cash flow, favorable tax treatment of capital goods, and some moderation in interest rates since the recovery began all suggest that producers' durables can maintain that growth path for another year or two, it is unlikely that durable goods will further raise the growth of the economy during its expansion phase. Preliminary third quarter GNP estimates show a significant rebound in structures during the summer, but our own analysis strongly suggests that this was due to especially favorable construction weather in August. The GNP estimates probably will be revised downward when the construction figures for September are available. More substantial gains in structures are unlikely until the second half of 1984.

All of this suggests that the trade sector or government must expand in order to generate growth rates in excess of 4% during the period of expansion. Both of these events are likely to happen, but only after some time has lapsed. State and local governments are now generating operating budget surpluses that will lead to increasing purchases of government services. As agricultural production improves in 1984, a Commodity Credit Corporation no longer will be reducing its inventory holdings of crops to the extent that it is at the end of this year. As a result, purchases of goods and services by the Federal government will show a temporary spurt in the latter half of 1984.

Exports probably will begin expanding because the developing recovery in the world economy will add to factor income earned abroad. However, factor income earned by foreign investors in the United States may nearly offset this influence, especially if interest rates begin rising in the latter half of 1984. While some significant gains from the differential growth rates of factor incomes cannot be fully discounted, any substantial improvement in our trade picture must depend upon increased competitiveness of American goods. That, in turn, depends upon a reduction in the value of the dollar against major trading currencies. Such a reduction has only begun to materialize, and will not develop in vigor until short-term interest rates weaken in the United States. Even if such a weakening develops early in 1984, as expected, the improving competitiveness of American goods should not change our merchandise balances significantly until the latter part of 1984.

Thus, the end of recovery means a few quarters of relatively modest economic growth, followed by an economic expansion that does not appear to be vigorous by historical standards. The reason for less than normal expansion activity depends upon the need of the household sector to raise savings rates to respond to unusually high real rates of interest. Moreover, the likelihood of continuing high real rates suggests that desirable gains in capacity will be closer to 3% than the 4% that has been normal in previous decades. As capacity currently is growing at less than 2%, spending on capital goods can grow in excess of 10% in real terms for up to two years before the 3% expansion path is achieved. At that point, however, further significant gains in capital spending are not likely to materialize.

Inflation is accelerating, as the drought will raise prices at the grocery store by a revised estimate of 6.5% in 1984, up from 2.0% in 1983. Also, fuel prices fell 4% at the producers' level in 1983. Fuel probably will rise by 5% at the producers' level in 1984. The hourly earnings index is expected to accelerate to a 5.2% rate of increase over previous year levels by the end of

1984. This is up from an estimated 4.2% increase from previous year levels at the end of 1983. Higher Social Security taxes will add an extra half percentage point to wage costs per hour worked in 1984. Moreover, productivity is not expected to maintain its rapid rate of increase in 1984, especially as much of this productivity gain is not being generated by the increased use of improved tools. On the other hand, prices in the private economy are not expected to continue to grow 2.5 percentage points more rapidly than unit labor costs. Thus, 1984 will show a much more normal year in generating corporate profits, probably showing increases in the vicinity of 15% for operating profits less tax liabilities. Inflation will increase, but only by about 1.5 percentage points. As the crop problems appear to be only a one-year production phenomenon, further price accelerations in 1985 will not be aided by commodity prices. Thus, inflation in the vicinity of 6% appears to be likely for that year.

Quarterly Profile of GNP

	1983-III	1983-IV	1984-I	1984-II	1984-III	1984-IV
Real	7.9	7.3	3.4	4.0	4.1	4.1
Price	3.4	4.5	5.1	5.5	5.5	5.7
Nominal	11.6	12.1	8.6	9.6	9.8	10.1

Monthly Statistical Highlights
for October 1983

Payroll employment, +275,000; Index of hours worked, +0.3%; Household employment, +253,000; Civilian unemployment rate, 9.3%; Personal income, +1.0%; Savings rate, 4.6%; Personal consumption, +1.0%; Retail sales, +1.4%; Auto sales, 9.6 million; Housing starts, -4.1%; Housing permits, -3.7%; Construction expenditures, +1.0%; Business inventories, +0.5%; Orders for durable goods, +4.6%; Orders for nondefense capital goods, +1.5%; Industrial production, +0.8%; CPI, +0.4%; PPI, +0.5%; Consumption deflator, +0.4%; Leading indicators, +0.4%; M1, 3.3%; M2, 8.4%.

Monthly Statistical Highlights
for November 1983

Payroll employment, +243,000; Index of hours worked, +0.2%; Household employment, +291,000; Civilian unemployment rate, 9.1%; Personal income, +0.7%; Savings Rate, 4.6%; Personal Consumption, +0.7%; Retail Sales, +0.9%; Auto Sales, 9.8 million units; Housing starts, -2.8%; Housing Permits, -5.0%; Construction Expenditures, +0.1%; Business Inventories, +0.8%; Orders for durable goods, -1.1%; Orders for nondefense capital goods, +1.0%; Industrial Production, +0.3%; CPI, +0.3%; PPI, +0.2%; Consumption deflator, +0.3%; Leading Indicators, +0.3%; M1, +4.7%; M2, +8.5%.

Commentary

Employment - With the return of 670,000 Communication Workers, an increase in payroll employment of only 733,000 normally would be a weak performance. However, payroll employment was being held down by a 120,000 reduction in retail workers. This clearly reflected the poor sales performance of August and cannot be expected to continue now that sales have rebounded in September. Also, the workweek in manufacturing reached a four and a half year high, suggesting that significant increases in employment are likely in the months ahead. Moreover, civilian employment increased 382,000 despite the anticipated reduction in agricultural employment. Further reductions in agricultural employment are likely in the months ahead, but that should be insufficient to have any material effect upon total employment. Participation rates for teenagers remain surprisingly low - they are actually below recessionary levels despite a decline in unemployment rates and the natural maturing of the teenage population. While an unexpected blip in teenage participation rates could occur at any time, leading to a surprising increase in the unemployment rate, there is no foundation for maintaining that such an adjustment is imminent.

Although the Communications Workers strike clearly distorted most employment data, the rebound in the hourly earnings index must be viewed with some modest concern. Apparently, the index reached its low point from previous year levels in August and is now trending upward, registering a 3.9% increase from previous year levels in September.

Personal Income and Outlays

Inexplicably, the Communications Workers still appeared to have an impact upon payrolls of distributive workers in September. As a result, a one-time $5 billion increase in payrolls in that sector will be recorded in October. In addition, salary adjustments at the beginning of the fiscal year will add about $3 billion to government payrolls. Along with continued wage gains in the goods producing and service industries, these special conditions insure that personal income once again will grow robustly in October. As the PIK stockpiles are distributed to farmers, significant gains in farm income should begin to develop. Normally, however, such gains in farm income have very little near term effect upon consumer spending.

A surprising increase in service outlays led to very strong consumer support for the economy in September. Indeed, our estimates suggest that real consumer purchases rose almost one percent in the month. Frankly, the pattern of service purchases is incomprehensible. When utilities were being heavily used in July and August, service expenditure slowed. In September, after production by utilities obviously declined, services soared. It appears that a dispersal rather than accrual basis is being used to determine utility spending in the services sector. Food purchases also leaped sharply in September. Perhaps the realization that meat prices eventually will rise sharply may have led to a temporary surge in consumer purchases. At any rate, food is not going to continue to be a double-digit growth item, as it was in September.

Construction

The dry weather in August distorted construction figures for that month. Therefore, the sharp decline in housing starts during September may reflect a return to more normal construction patterns rather than any dramatic reduction

in desired housing activity. However, vacancy rates continue to rise even at the currently subdued level of multi-family activity. In addition, sales of single-family homes continue to fall slowly. These forces should lead to a significant reduction in housing starts into the winter months. Because of the lagged response between changes in starts and changes in construction, contributions from residential construction will continue to be positive through the fall. In the winter, however, construction will decline slightly. This will be a major contributor to an estimated slowing in GNP growth at that time.

Preliminary estimates of GNP strongly suggest that nonresidential private construction was abnormally high in August and subsequently declined. This appears to be a reasonable estimate. While the same conclusion should have been reached for public construction, the preliminary GNP numbers suggest that public construction continued to grow in September. Part of this could be the result of a significant gain in federal construction for military purposes. This surge in public construction is not expected to be vigorously sustained.

Business Activity

Weak retail sales in August probably accelerated inventory adjustments during the third quarter. While manufacturing inventories increased by only 0.7% in August, wholesale inventories were up 1.5% while retail inventories expanded a strong 2.1%. Manufacturing inventories are expected to show significant gains into the winter months. Increases in wholesale and retail inventories, however, should be very modest in September, as sales rebound. They will then gradually build up through the fall. Indeed, wholesale inventories already may be adequate to meet current sales levels. Retailers may still wish to add to their inventories, especially as vigorous sales have resumed, but inventory adjustments should be completed by the end of the fourth quarter.

The dip in durable goods orders during September obviously did not include the $4.2 billion of defense orders that were approved the last day of the fiscal year. That surge in orders should significantly distort orders for durable goods in October and cause a subsequent decline in November when defense orders fall to more normal levels. In addition, orders for transportation equipment were surprisingly weak in September as a result of the lack of parts for GM vehicles. As those parts problems subside, the transportation component will show more vigorous gains. Orders for nondefense capital goods continue to grow solidly, clearly supporting a continuation of significant gains in nondefense capital shipments.

Our own analysis suggests that investment for expansion purposes accelerates once capacity utilization crosses 78%. This level of usage was reached in September. Therefore, orders should continue to flow significantly for nondefense capital goods in the months ahead.

One area of modest concern is the slowing of orders for household durables. Those orders have trended downward for two months and are now trailing shipments. Unless orders turn around soon, and declining housing sales do not bode well, shipments soon could become flat.

Prices

Why BLS used end-of-year automobile discounts when such discounts obviously were not meaningful during a period of inventory shortage remains to be

explained. Because of those discounts and the subsequent need to bring the new-model prices back to undiscounted levels, there will be little relationship between the PPI for finished goods and the commodity component of the CPI in September and October. After recording a 0.2% increase in September, the PPI will probably accelerate to a 0.5% gain in October. The CPI, on the other hand, probably will decelerate from a 0.5% gain in September to a 0.3% gain in October. The deceleration will be more appropriate than the apparent acceleration of the PPI.

The GNP also is being distorted by a dramatic deterioration in the terms of trade during the second and third quarters. Because most prices are based upon CPI and PPI estimates, and the latter is a domestic producers index, a lag exists between the time that imported goods are priced upon arrival and when those goods finally are reflected in the price indices to final users. Therefore, changes in the terms of trade cause the GNP deflator to temporarily become biased. When the terms of trade were deteriorating, as in the second and third quarters, the GNP deflator is understated. When the terms of trade improve, as expected beginning in the fourth quarter, the GNP deflator will become overstated. Once again, distortions in statistical methodology will give the impression that inflationary pressures are accelerating. Actually, inflationary pressures are intensifying, but the degree of acceleration is far short of what the indices will be showing.

Miscellaneous

Several unusual events caused the August trade figures to be distorted. First, exports of transportation equipment were unusually low, suggesting that the normal flow of ships and aircraft to foreign purchasers was temporarily interrupted. When that flow resumes, exports will again increase significantly. Second, more than $200 million of silver was sent into the United States in August. As much of this silver finally reached the warehouses of the Chicago Exchange, it is unlikely that another surge of such silver imports will develop. Finally, the agricultural terms of trade are moving sharply in favor of the United States. This should have a positive effect upon the merchandise trade balance by the end of this year.

The sharp increase in the workweek was a major contributor to the leading indicators in September. In subsequent months the indicators should slow significantly, especially as our projections suggest that the money supply will grow only slightly more rapidly than inflation. Moreover, sensitive industrial prices are not showing any significant direction, although some of the steel scrap prices have begun to firm again in recent weeks. Therefore, a period of reduced gains for the leading indicators will follow a large increase in September.

Financial Markets

Continued strength in the economy virtually precludes any significant downward movement of interest rates until a slowing trend has been confirmed. Our monthly projections definitely show significant slowing during the winter months, but the credit markets still are reeling from the unexpected burst in activity that developed in September and October. The Federal Reserve's policy of gradual constraint during this period of significant economic expansion has led to upward pressures upon sensitive short-term interest rates. The magnitude of this restraint is readily obvious, as the September 90-day CD rates were

lower than the federal funds rate. As measured by M1, money growth is expected to remain modest until the spring of 1984. Growth of M2 is creating a modest problem, as further deregulation of certificates has led to a surge for some time deposits at the expense of nonmoney instruments. While our estimates suggest that M2 will not grow more rapidly than the outer range of its targets in October, it is possible that M2 could reach double-digit growth rates in that month. Until this monetary aggregate settles down, the Federal Reserve is not likely to significantly reduce its restraints.

Of course, the household sector provided even less support for the credit markets early in the fourth quarter than we had anticipated. Moreover, housing continues to require increased mortgage funds, even if housing sales are starting to subside. The need for more construction funding should continue to grow until early 1984.

Government deficits are receding in line with our anticipations, continuing to fall toward the $155 billion range during the first quarter of 1984. Of course, the rapid increase in public construction might mean that state and local surpluses are being trimmed. However, this can only partially offset the significant improvement in deficits at the federal level. Corporate cash flow remains very strong, but corporate use of funds is starting to rebound as inventories continue to climb. Therefore, the maximum net corporate contribution to the credit markets probably already has been passed.

Because money growth almost certainly will slow as economic activity eases from its recovery burst, leading to some restraint by the Federal Reserve, and because declining government deficits are more substantial than the reduced corporate support for credit markets, one further downward movement in interest rates remains likely. The Wojnilower point, where interest rates will be trending inevitably higher, should not be reached until the reduced growth from expansion leads to no further declines in government deficits. Thus, interest rates should fall significantly during the first quarter of 1984. Politics may intervene then to prevent sensitive short-term rates from rising significantly in the latter months of 1984, even as the demand for money rebounds slowly. However, such political conditions should not be sufficient to restrain an upward movement in long-term rates, which is likely late in the year. Although our procedures project an increase in the prime rate near election, political reality may prevent such an occurence from developing.

Equity Markets

The surge in economic activity that occurred in September and October appears to have significantly raised operating profits less tax liabilities. Because the stock market has become enamored with interest rate movements, and those movements were not favorable, the equity markets have not responded to this improved earnings environment. Therefore, the potential for one more explosive move upward in equity values remains likely when interest rates begin declining early in 1984. Because of these improved earnings, our formula suggests that the Dow Jones should average approximately 1400 in 1984. This level might be achieved as early as the winter quarter. Then politics will become too important to use simple earnings and interest rate formulas to determine equity values.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Civilian Employment		Civilian Unemployment Rate		Hourly Earnings Index	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	90319	90152	106.3	106.1	101285	101285	9.5	9.5	155.2	155.2
August	90523	89735	106.6	105.2	101426	101563	9.4	9.5	156.0	155.0
September	90706	90468	106.9	107.2	101339	101945	9.4	9.3	156.9	155.9
October	91025	90743*	107.3	107.5*	101846	102198*	9.2	9.3*	157.4	156.5*
November	91368	90986	107.6	107.7	102291	102489	9.0	9.1	158.2	157.2
December	91705	91188	107.8	107.9	102703	102732	8.9	9.0	159.0	157.9
January 1984	91896	91367	108.1	108.1	102955	102950	8.8	9.0	159.7	158.5
February	92071	91552	108.3	108.3	103048	103148	8.7	9.0	160.3	159.2
March	92243	91695	108.6	108.4	103165	103317	8.6	9.0	161.0	159.9
April	92488	91884	108.9	108.6	103499	103547	8.5	9.0	161.7	160.6
May	92693	92073	109.1	108.8	103767	103735	8.5	9.0	162.5	161.3
June	92898	92258	109.3	109.0	104038	103957	8.5	8.9	163.3	162.1
July	93056	92427	109.5	109.3	104175	104159	8.5	8.9	163.9	162.8
August	93292	92601	109.7	109.5	104362	104422	8.5	8.8	164.5	163.5
September	93531	92845	109.9	109.8	104558	104710	8.5	8.7	165.2	164.2
October	93684	93082	110.1	110.1	104685	104898	8.4	8.7	166.0	165.0

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income		Personal Outlays	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	2.754	2.747	1.679	1.674	107.4	109.0	2.360	2.351	2.253	2.242
August	2.775	2.756	1.690	1.681	110.7	117.3	2.375	2.356	2.264	2.238
September	2.798	2.781	1.706	1.690	116.0	106.5	2.390	2.378	2.274	2.272
October	2.820	2.809*	1.720	1.709*	115.9	109.6*	2.409	2.403*	2.293	2.293*
November	2.841	2.829	1.730	1.721	118.5	110.7	2.429	2.421	2.311	2.310
December	2.862	2.852	1.741	1.733	120.1	112.0	2.448	2.441	2.328	2.329
January 1984	2.874	2.864	1.754	1.744	118.3	113.0	2.463	2.449	2.345	2.336
February	2.897	2.886	1.767	1.756	119.4	115.9	2.480	2.462	2.361	2.346
March	2.921	2.906	1.781	1.766	124.4	118.9	2.497	2.480	2.373	2.361
April	2.940	2.927	1.793	1.778	124.0	119.1	2.515	2.500	2.391	2.381
May	2.955	2.944	1.802	1.790	125.2	119.7	2.534	2.515	2.409	2.395
June	2.972	2.966	1.811	1.803	126.2	126.1	2.553	2.535	2.427	2.409
July	2.991	2.988	1.823	1.817	119.6	125.2	2.565	2.554	2.445	2.429
August	3.010	3.007	1.835	1.829	118.2	124.6	2.577	2.571	2.459	2.446
September	3.029	3.028	1.847	1.843	117.4	127.6	2.590	2.590	2.473	2.462
October	3.053	3.054	1.868	1.862	116.5	130.0	2.611	2.612	2.495	2.482

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

BUSINESS ACTIVITY

	Manufacturers' Inventories		Durable Goods Orders		Non-Defense Capital Goods Orders		Non-Defense Capital Shipments	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	259.0	258.2	87.12	88.23	22.94	21.58	22.92	22.57
August	261.1	259.9	87.55	89.98	22.76	23.03	23.05	22.57
September	263.1	262.0*	89.27	89.50	23.11	24.01	23.02	23.35
October	265.0	264.3	91.13	93.65*	23.62	24.36*	23.37	23.49*
November	266.9	265.6	92.65	92.58	24.15	24.37	23.65	23.65
December	268.1	267.5	94.29	94.46	24.41	25.12	23.82	23.82
January 1984	270.2	268.9	96.15	95.63	24.72	25.43	24.01	24.05
February	271.9	270.2	94.45	96.27	24.55	25.82	24.20	24.26
March	273.3	272.1	96.35	95.95	24.93	24.97	24.38	24.43
April	275.0	273.3	97.22	97.46	25.15	26.02	24.60	24.69
May	277.4	275.5	97.76	98.23	25.46	26.43	24.83	24.82
June	279.5	277.6	99.53	100.06	25.72	26.91	25.01	25.08
July	283.7	279.2	101.23	99.95	25.95	26.55	25.16	25.26
August	285.1	282.3	100.10	102.23	25.73	27.02	25.30	25.53
September	286.5	283.9	102.43	103.85	26.15	27.17	25.48	25.59
October	289.7	286.1	104.14	106.11	26.63	27.82	25.65	25.84

	Business Inventories		Defense Shipments		Industrial Production		Capacity Utilization	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	510.7	505.8	5.43	5.68	147.2	150.3	75.1	76.7
August	513.3	512.1	5.42	5.44	148.2	151.4	75.5	77.1
September	516.2	515.6*	5.44	5.28	149.3	153.7	76.0	78.1
October	518.4	518.3	5.63	5.47*	150.3	154.9*	76.5	78.6*
November	521.9	522.2	5.75	5.63	151.2	155.3	76.9	78.7
December	525.3	528.3	5.95	5.84	152.1	155.6	77.3	78.8
January 1984	528.9	531.2	6.08	6.01	152.8	155.9	77.6	78.9
February	532.3	533.4	6.13	6.15	153.5	156.3	77.9	79.0
March	534.8	536.1	6.19	6.12	153.3	156.4	77.7	79.0
April	537.3	537.6	6.32	6.23	153.8	156.7	77.9	79.1
May	541.1	540.0	6.48	6.35	154.4	157.0	78.2	79.2
June	545.9	543.7	6.65	6.51	154.7	157.4	78.3	79.3
July	550.3	548.2	6.75	6.66	154.9	158.1	78.4	79.5
August	553.7	552.6	6.86	6.73	155.1	158.5	78.4	79.6
September	557.0	555.4	6.95	6.87	155.3	159.1	78.5	79.7
October	565.2	559.7	7.11	7.01	155.9	159.7	78.7	79.8

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

CONSUMPTION

	Personal Consumption		Durables		Nondurables		Services		Consumption Real	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	2190.1	2174.8	284.5	287.1	810.3	813.8	1095.3	1076.9	1022.1	1019.2
August	2201.5	2174.2	287.6	277.7	811.8	816.8	1102.1	1079.7	1023.9	1012.9
September	2210.9	2207.5	290.4	287.8	813.4	825.5	1107.1	1094.1	1023.9	1025.5
October	2229.6	2228.7*	294.1	296.5*	818.6	830.7*	1116.9	1101.5*	1028.8	1032.2*
November	2246.7	2245.3	296.2	301.8	824.8	834.1	1125.7	1109.4	1032.7	1036.6
December	2263.8	2260.5	298.3	303.8	831.0	839.1	1134.5	1117.6	1036.3	1040.2
January 1984	2280.3	2270.4	301.1	303.2	833.9	841.4	1145.3	1125.8	1039.9	1040.9
February	2295.9	2280.1	303.8	302.4	836.3	844.1	1155.8	1133.6	1042.4	1040.5
March	2307.6	2294.8	306.5	303.4	838.7	848.9	1162.4	1142.5	1043.0	1041.5
April	2325.6	2314.3	309.1	308.1	844.7	855.5	1171.8	1150.7	1047.3	1046.2
May	2343.0	2328.3	310.7	309.6	850.4	860.9	1181.9	1157.8	1050.8	1048.5
June	2360.6	2341.6	312.3	309.8	856.2	866.3	1192.1	1165.5	1054.2	1050.1
July	2380.2	2361.1	314.7	314.3	860.7	873.7	1204.8	1173.1	1058.3	1053.8
August	2392.3	2378.3	316.2	317.3	865.1	879.4	1211.0	1181.6	1059.0	1056.3
September	2406.2	2393.9	317.8	319.1	869.8	884.6	1218.6	1190.2	1060.0	1058.0
October	2427.7	2413.0	319.5	322.1	875.4	891.4	1232.8	1199.5	1064.5	1061.5

RETAIL SALES

	Retail Sales		Non-Auto Durables		Auto (Million Units)		Nondurable Sales		Auto Sales	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	98.66	99.52	12.93	13.23	9.7	9.7	66.57	66.98	19.16	19.31
August	99.34	97.96	12.90	13.37	10.0	8.8	66.69	67.16	19.75	17.43
September	99.79	99.48	12.99	13.47	10.1	9.1	66.82	67.80	19.98	18.21
October	100.64	100.87*	12.93	13.53*	10.3	9.6*	67.25	68.23*	20.46	19.11*
November	101.15	101.73	13.16	13.62	10.2	9.8	67.76	68.51	20.23	19.60
December	101.83	102.36	13.27	13.69	10.2	9.8	68.27	68.92	20.29	19.75
January 1984	102.38	102.48	13.43	13.65	10.3	9.7	68.51	69.11	20.44	19.72
February	103.10	102.62	13.50	13.68	10.5	9.6	68.71	69.33	20.89	19.61
March	103.69	103.12	13.53	13.73	10.7	9.6	68.90	69.72	21.26	19.67
April	104.18	104.17	13.48	13.82	10.7	9.8	69.40	70.26	21.30	20.09
May	104.82	104.79	13.45	13.92	10.8	9.8	69.86	70.71	21.51	20.16
June	105.25	105.25	13.58	14.00	10.7	9.7	70.34	71.15	21.33	20.10
July	105.89	106.36	13.82	14.09	10.7	9.9	70.71	71.76	21.36	20.51
August	106.42	107.16	13.80	14.21	10.8	10.0	71.07	72.23	21.55	20.72
September	106.87	107.78	13.80	14.35	10.9	10.0	71.32	72.65	21.75	20.78
October	107.52	108.67	13.91	14.47	10.9	10.1	71.78	73.21	21.83	20.99

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CONSTRUCTION

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	1.765	1.804	1.154	1.032	1.726	1.782	262.8	269.5	165.3	174.5
August	1.803	1.909	1.196	1.141	1.685	1.652	264.6	276.1	165.8	178.8
September	1.676	1.652	1.178	1.009	1.582	1.504	267.6	276.4*	167.0	178.7*
October	1.621	1.584*	1.105	0.993*	1.493	1.449*	270.1	279.1	168.1	179.8
November	1.596	1.539	1.086	0.967	1.461	1.376	272.3	279.4	169.1	179.3
December	1.619	1.493	1.112	0.942	1.480	1.342	273.9	279.1	169.8	178.6
January 1984	1.572	1.453	1.065	0.911	1.443	1.297	274.6	280.2	169.8	178.7
February	1.584	1.469	1.094	0.926	1.451	1.293	274.7	277.7	169.4	176.4
March	1.542	1.468	1.075	0.922	1.406	1.306	274.8	277.6	168.9	175.7
April	1.496	1.517	1.016	0.955	1.311	1.323	275.7	278.2	169.0	175.5
May	1.445	1.529	0.968	0.973	1.265	1.342	276.6	279.8	169.3	175.9
June	1.433	1.571	0.974	1.002	1.269	1.374	277.7	281.7	169.6	176.4
July	1.492	1.646	1.012	1.063	1.312	1.421	278.1	283.8	169.5	177.0
August	1.509	1.617	1.024	1.035	1.348	1.428	278.6	286.1	169.5	177.7
September	1.522	1.653	1.038	1.052	1.345	1.443	279.1	288.8	169.6	~~178.7~~
October	1.565	1.679	1.063	1.055	1.397	1.472	281.9	291.2	170.5	179.5

	Private Non-Residential		Public Construction		Residential Construction	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	99.0	100.3	48.9	51.1	114.9	118.1
August	98.5	103.3	50.1	52.6	116.0	120.2
September	98.8	100.8*	51.0	54.0*	117.8	121.6*
October	99.3	101.3	52.2	54.6	118.6	123.2
November	99.9	102.2	52.9	55.2	119.5	122.0
December	100.7	102.8	53.5	55.5	119.7	120.8
January 1984	101.2	103.5	54.6	55.9	118.8	118.7
February	101.5	104.0	55.7	56.5	117.5	117.2
March	101.8	104.3	56.9	56.8	116.1	116.5
April	103.0	104.8	57.3	57.2	115.4	116.2
May	103.0	105.4	58.0	57.5	115.6	116.9
June	103.1	106.1	58.8	58.1	115.8	117.5
July	104.3	106.8	59.3	58.6	114.5	118.4
August	105.0	107.6	59.8	59.3	113.8	119.2
September	105.7	108.5	60.2	60.0	113.2	120.3
October	106.3	109.3	60.8	60.7	114.8	121.2

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PRICES

	CPI-U (seasonally adjusted)		PPI Finished Goods (seasonally adjusted)		PPI-Industrial Commodities (unadjusted)		Estimated GNP Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	298.6	298.8	285.1	285.3	316.7	316.6	2.1639	2.1569
August	299.6	299.9	286.2	286.4	317.0	317.5	2.1762	2.1638
September	300.7	301.4	287.0	287.0	317.6	317.2	2.1885	2.1704
October	301.7	302.6*	287.9	288.4*	319.5	319.6*	2.1973	2.1798
November	302.8	303.5	288.8	289.0	320.4	320.5	2.2039	2.1875
December	303.7	304.4	289.7	289.8	321.6	321.6	2.2099	2.1952
January 1984	305.0	305.5	291.1	291.0	323.0	323.0	2.2208	2.2033
February	306.5	307.0	293.0	292.5	324.1	324.1	2.2325	2.2144
March	308.3	308.6	294.8	294.1	325.2	325.0	2.2460	2.2265
April	309.6	309.9	295.3	295.5	326.5	326.2	2.2518	2.2356
May	310.9	311.1	296.2	296.7	327.8	327.5	2.2596	2.2441
June	312.3	312.2	297.5	297.5	329.1	328.9	2.2683	2.2533
July	313.6	313.7	299.0	299.0	330.5	330.2	2.2781	2.2639
August	314.9	315.1	300.6	300.2	331.9	331.7	2.2878	2.2747
September	316.2	316.6	302.1	301.2	332.3	332.4	2.2972	2.2853
October	317.8	317.9	303.8	302.8	335.2	335.2	2.3121	2.2956

	Consumption Deflator		Consumer Durables		Consumer Nondurables		Consumer Services		Implicit Construction Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	214.3	213.7	178.5	178.6	214.8	214.8	225.6	224.5	159.0	154.5
August	215.0	214.7	179.1	178.9	215.0	215.8	226.9	225.3	159.6	154.4
September	215.9	215.1*	179.6	180.1*	215.7	216.8*	228.2	225.8*	160.2	154.7*
October	216.7	215.9	180.0	180.8	216.5	217.5	229.2	226.5	160.7	155.2
November	217.6	216.6	180.5	181.5	217.4	218.2	230.1	227.3	161.0	155.8
December	218.5	217.3	181.1	182.0	218.3	218.9	231.1	228.1	161.3	156.3
January 1984	219.3	218.1	181.5	182.4	219.0	219.8	232.2	228.9	161.7	156.8
February	220.2	219.1	181.9	183.0	219.7	221.0	233.6	229.8	162.2	157.4
March	221.2	220.3	182.4	183.6	220.5	222.8	235.0	230.7	162.7	158.0
April	222.1	221.2	182.8	184.2	221.3	223.9	236.0	231.6	163.1	158.5
May	223.0	222.1	183.3	184.7	222.4	224.7	236.9	232.6	163.4	159.1
June	223.9	223.0	183.9	185.3	223.5	225.6	237.8	233.6	163.7	159.7
July	224.9	224.1	184.4	185.9	224.3	227.0	239.0	234.7	164.1	160.3
August	225.9	225.1	185.0	186.5	225.3	228.1	240.3	236.0	164.4	161.0
September	227.0	226.3	185.6	187.2	226.3	229.3	241.5	237.2	164.7	161.6
October	228.1	227.3	186.5	188.5	227.4	230.4	242.7	238.1	165.3	162.2

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MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)		IVA (annual rate)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	-5710	-6360	156.9	158.3	3335	3329	1541	1543	11.6	13.6
August	-5346	-7190	157.7	158.1	3374	3359	1550	1552	14.5	15.5
September	-5592	-5807	158.0	159.8	3405	3403	1556	1567	18.1	19.5
October	-4865	-5976*	157.8	160.4*	3431	3437	1561	1577	17.8	17.3
November	-5582	-6285	158.3	160.8	3460	3460	1570	1582	17.2	17.0
December	-7115	-6467	158.8	161.5	3488	3485	1578	1588	17.5	16.5
January 1984	-5564	-5963	159.6	161.8	3520	3511	1585	1593	16.1	16.6
February	-5927	-6243	160.5	161.5	3545	3528	1588	1593	13.7	17.3
March	-5872	-6437	161.7	162.1	3572	3559	1590	1598	12.9	17.0
April	-5015	-7263	161.5	162.4	3596	3587	1597	1604	15.4	17.1
May	-5629	-7048	162.4	162.9	3626	3614	1605	1610	16.1	17.8
June	-6847	-6827	163.2	163.3	3655	3644	1611	1617	16.9	18.9
July	-5575	-5682	163.9	163.8	3679	3672	1615	1622	17.0	19.5
August	-6463	-6345	164.6	165.0	3700	3703	1617	1628	17.3	19.3
September	-7026	-6563	165.1	165.9	3720	3727	1618	1631	17.6	20.6
October	-6161	-6269	165.7	166.4	3759	3761	1626	1638	18.8	20.5

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FINANCIAL MARKETS

	Monetary Base		M1		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	195.3	195.0	515.6	515.5	2129.3	2126.3	9.37	9.37	9.26	9.26
August	195.8	195.8	515.3	516.7	2140.5	2136.9	9.46	9.56	9.44	9.51
September	196.4	197.0	515.7	517.2	2151.9	2145.3	9.45	9.45	9.52	9.15
October	197.7	197.9*	519.4	518.6*	2169.7	2159.7*	9.70	9.57*	9.80	8.88*
November	199.0	198.7	523.1	520.6	2188.2	2174.5	9.75	9.32	9.87	8.75
December	200.2	199.6	527.5	522.8	2207.5	2189.1	9.63	8.93	9.82	8.62
January 1984	201.2	200.3	529.4	524.2	2221.4	2201.5	9.55	8.65	9.61	8.27
February	202.3	201.2	531.7	526.3	2238.9	2215.8	9.46	8.37	9.14	7.89
March	203.4	202.3	534.1	529.2	2255.6	2232.4	9.38	8.45	8.89	8.02
April	204.6	203.2	537.5	534.8	2274.4	2248.9	9.27	8.42	8.85	8.06
May	205.8	204.5	540.4	535.4	2291.8	2269.7	9.18	8.63	8.81	8.15
June	207.0	205.8	543.5	539.2	2309.7	2290.3	9.23	8.85	8.88	8.43
July	208.2	207.3	545.7	543.1	2326.4	2311.4	9.16	8.89	8.68	8.40
August	209.3	208.5	548.0	546.5	2340.5	2331.6	9.03	8.84	8.62	8.47
September	210.2	209.8	550.6	550.1	2354.3	2351.6	9.00	8.89	8.55	8.55
October	211.5	211.0	554.3	553.2	2372.8	2370.7	9.07	8.87	8.70	8.42

	Aaa (Seasoned)		Municipals (Bond Buyer)		(3 Month) Commercial Paper		90 Day CD's		Prime Rate	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1983	12.15	12.15	9.53	9.53	9.25	9.25	9.50	9.50	10.50	10.50
August	12.33	12.51	9.68	9.72	9.38	9.54	9.72	9.77	11.18	10.89
September	12.50	12.37	9.85	9.58	9.46	9.24	9.85	9.39	11.50	11.00
October	12.61	12.24*	9.96	9.65*	9.79	9.09*	10.15	9.21*	11.79	11.00*
November	12.69	12.22	10.06	9.72	9.85	9.02	10.21	9.13	12.00	11.00
December	12.73	11.89	10.06	9.39	9.72	8.82	10.18	8.96	12.00	10.86
January 1984	12.59	11.76	9.88	9.24	9.59	8.62	9.86	8.78	12.00	10.50
February	12.46	11.65	9.78	9.04	9.48	8.41	9.72	8.57	12.00	10.50
March	12.34	11.63	9.63	9.07	9.42	8.48	9.65	8.65	12.00	10.50
April	12.19	11.72	9.51	9.02	9.35	8.47	9.61	8.68	11.86	10.50
May	12.15	11.76	9.42	9.08	9.15	8.78	9.49	8.92	11.50	10.50
June	12.14	11.85	9.41	9.15	9.18	8.95	9.55	9.10	11.50	10.50
July	11.95	11.94	9.25	9.22	9.20	9.03	9.56	9.16	11.50	10.50
August	11.78	12.04	9.12	9.29	9.06	9.16	9.39	9.31	11.50	10.73
September	11.75	12.01	9.05	9.35	9.05	9.07	9.28	9.25	11.50	11.00
October	11.77	12.02	9.12	9.35	9.29	9.01	9.42	9.18	11.50	11.00

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